

SENATE BILL 3106
By McNally

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 5, relative to property value.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-601, is amended by adding the following language as a new subsection (f):

(f)

(1) The general assembly finds that due to the rapid development of certain areas in the state, persons who have lived in a municipality for at least five (5) years are forced to sell their property because of the increase in taxes due to the accelerated rise in property values caused by land acquired by a government or quasi-government entity being transferred for private development. The general assembly finds that present use valuation has been extended to others, and is warranted under certain circumstances to relieve the burden of increased taxation to residential owners.

(2) It is the policy of this state that the owners of residential property who are faced with forced development caused by land acquired by a government or quasi-government entity being transferred for private development should be allowed to continue to live on that property without a disproportionate increase in taxes due to such forced development.

(3) For the purposes of this subsection (f):

(A) "Dwelling house" means a residence occupied by the owner of an estate in that property, used solely for residential purposes, and occupied by that owner or a person to whom the current owner is a lineal

descendant for a period of five (5) years or more, together with the real estate upon which it is situated up to a maximum five (5) acres; and

(B) "Owner" means a citizen and resident of Tennessee who occupies the citizen's or resident's dwelling house, as opposed to occupying any other residence, for at least nine (9) months out of each calendar year.

(4) Any owner of a dwelling house in a municipality subject to forced development caused by land acquired by a government or quasi-government entity being transferred for private development may make application to the assessor of property of the county in which the property is located for its classification under this subsection (f). For purposes of this subsection, owners of dwelling houses not originally in the municipality but subject to the municipality's growth plan shall be considered owners of residences within the municipality. Property which has been determined by the assessor of property to qualify under this subsection (f) shall be valued for ad valorem tax purposes at its market value for residential purposes prior to the date identified by the assessor as the date property values first increased in the municipality more than twenty percent (20%) in one (1) year after assessment made in 2005. The assessment on such property shall include the entire year in which the land is classified under this subsection (f). Any person who is denied such classification shall have the same rights and remedies for appeal and relief as are provided taxpayers for any action of assessors of property.

(5) Should the use or ownership of the property change so that it no longer qualifies under this subsection (f), then the property owner shall have the duty of informing the assessor of property. Upon discovering that a property no

longer qualifies for classification under this subsection (f), the assessor of property shall reclassify the property and shall value the same according to its current market value for subsequent tax years. In the event such change in use or ownership does not timely come to the attention of the assessor of property, and upon the assessor discovering that the property no longer qualifies, such reclassification shall affect each year that the property has failed to qualify, and the taxpayer shall be liable for the difference in taxes, including penalty and interest.

(6) Any dwelling house constructed less than five (5) years prior to the effective date of this act and any dwelling house constructed after the effective date of this act shall be eligible to qualify for assessment under subsection (f) ten (10) years after the date of the first assessment of the dwelling house for ad valorem taxation under this part.

(7) It is the legislative intent that a municipality subject to forced development caused by land acquired by a government or quasi-government entity being transferred for private development is an integral part of this subsection (f). If this provision is held by a court of competent jurisdiction to be an unreasonable classification or otherwise declared unconstitutional, then this entire subsection shall be null and void.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, then all provisions and applications of this are declared to be invalid and void.

SECTION 3. This act shall take effect July 1, 2006, the public welfare requiring it.